

CLAYMAN & ROSENBERG

Seth L. Rosenberg (SR 4563)

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New York, NY 10165

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*Attorneys for BCC II, LLC*

(BLMIS Account No. 1-B0081 designated Claim Number 011226)

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X

SECURITIES INVESTOR PROTECTION :  
CORPORATION, :

Plaintiff,

-against-

BERNARD L. MADOFF INVESTMENT :  
SECURITIES LLC, :

Defendant :

Adv. Pro. No. 08-01789(BRL)

SIPA Liquidation

-----X

**OBJECTION TO TRUSTEE'S DETERMINATION OF CLAIM**

BCC II, LLC ("Objector"), by counsel, CLAYMAN & ROSENBERG, hereby objects to the  
Notice of Trustee's Determination of Claim dated December 8, 2009 (the "Determination  
Letter"), appended hereto as Exhibit A, as set forth herein.

### BACKGROUND

1. Objector is a "Customer" as that term is defined by the Securities Investor Protection Act ("SIPA") of Bernard L. Madoff Investment Securities LLC ("BLMIS").
2. Objector was and is a member of Bull Market Fund, a general partnership organized in the State of New York in 1986.
3. The Bull Market Fund partnership was organized with the knowledge and encouragement of BLMIS for the purpose of consolidating the bookkeeping for the investment of certain small investors with BLMIS.
4. Bull Market Fund received a final statement from BLMIS which indicated that Bull Market Fund owned securities valued at \$36,833,462.86.
5. On or about December 31, 2008, Objector received a statement from Bull Market Fund which indicated that Objector's funds invested by Bull Market Fund in BLMIS were valued at \$323,753.
6. On December 11, 2008, the above-captioned liquidation proceeding was commenced against BLMIS, pursuant to the Securities Investor Protection Act of 1970 ("SIPA"). Irving Picard was appointed Trustee ("BLMIS Trustee") with oversight of the liquidation of BLMIS and responsibility for processing customer claims for money pursuant to SIPA.
7. By Order dated December 23, 2008, the Court directed the Trustee to disseminate notice and claim forms to BLMIS customers and set forth claim-filing deadlines. The Order further authorized the Trustee, *inter alia*, "to satisfy, within the limits provided by SIPA, those portions of any and all customer claims and accounts which agree with the Debtor's books and records," and provided that, where the BLMIS Trustee disagrees with the amount claimed in a

customer's claim form, the BLMIS Trustee, "shall notify such claimant by mail of his determination that the claim is disallowed, in whole or in part, and the reason therefor..."

8. On or about June 24, 2009, Objector timely submitted a customer claim form to SIPC setting forth his claim in the amount of \$323,753 ("Objector's claim"). Objector's claim cross-referenced the BLMIS account of Bull Market Fund. A copy of Objector's claim form is appended hereto as Exhibit B.

9. On December 8, 2009, the BLMIS Trustee sent Objector a Determination Letter denying Objector's claim, "in its entirety." Exhibit A. The Determination Letter stated, in part, "Based upon a review of available books and records of BLMIS by the Trustee's staff, you did not have an account with BLMIS. Because you did not have an account, you are not a customer of BLMIS under SIPA as that term is defined at 15 U.S.C. Section 78111 (2). Accordingly, your Claim for securities and/or a credit balance is **DENIED.**"

10. Objector objects to the BLMIS Trustee's disallowance of his claim for the reasons set forth hereinbelow.

#### **GROUND FOR OBJECTION**

11. First: The Trustee's definition and application of the term, "account" as set forth in the Determination Letter is incorrect.

12. Second: The Trustee's definition and application of the term, "customer" as set forth in the Determination Letter is incorrect.

13. Objector reserves the right to revise or amend this Objection. Objector's failure to assert an objection on a particular ground or grounds shall not be construed as a waiver of its right to object or join in the objection of other claimants on any additional grounds.

14. Objector reserves all rights set forth in Rule 9014.

15. Objector incorporates herein by reference all claims and reservations of rights set forth in Objector's claim form. Exhibit B.

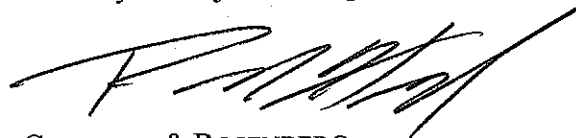
**RELIEF SOUGHT**

16. Objector's claim should be allowed in its entirety.

17. The Court should direct SIPC to pay Objector the full amount of Objector's claim together with interest thereon commencing not later than the date of the Determination Letter.

18. Such other and further relief as the Court may deem just and equitable.

Dated: New York, New York  
January 6, 2010



CLAYMAN & ROSENBERG

By: Seth L. Rosenberg (SR 4563)

Paul S. Hugel (PH 4749)

305 Madison Avenue

New York, NY 10165

Telephone: (212) 922-1080

Telefax: (212) 949-8255

[rosenberg@clayro.com](mailto:rosenberg@clayro.com)

[hugel@clayro.com](mailto:hugel@clayro.com)

EXHIBIT A

DETERMINATION LETTER

**BERNARD L. MADOFF INVESTMENT SECURITIES LLC**

In Liquidation

**DECEMBER 11, 2008<sup>1</sup>**

**NOTICE OF TRUSTEE'S DETERMINATION OF CLAIM**

December 8, 2009

BCC II, LLC  
6800 JERICHO TURNPIKE  
SYOSSET, NY 11791

Dear BCC II, LLC:

**PLEASE READ THIS NOTICE CAREFULLY.**

The liquidation of the business of BERNARD L. MADOFF INVESTMENT SECURITIES LLC ("BLMIS") is being conducted by Irving H. Picard, Trustee under the Securities Investor Protection Act, 15 U.S.C. § 78aaa et seq. ("SIPA"), pursuant to an order entered on December 15, 2008 by the United States District Court for the Southern District of New York.

The Trustee has made the following determination regarding your claim designated as Claim No. 011226:

Based on a review of available books and records of BLMIS by the Trustee's staff, you did not have an account with BLMIS. Because you did not have an account, you are not a customer of BLMIS under SIPA as that term is defined at 15 U.S.C. § 78/// (2). Accordingly, your Claim for securities and/or a credit balance is **DENIED**.

**PLEASE TAKE NOTICE:** If you disagree with this determination and desire a hearing before Bankruptcy Judge Burton R. Lifland, you **MUST** file your written opposition, setting forth the grounds for your disagreement, referencing Bankruptcy Case No. 08-1789 (BRL) and attaching copies of any documents in support of your position, with the United States Bankruptcy Court **and** the Trustee within **THIRTY DAYS** after December 8, 2009, the date on which the Trustee mailed this notice.

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<sup>1</sup> Section 78///(7)(B) of SIPA states that the filing date is "the date on which an application for a protective decree is filed under 78eee(a)(3)," except where the debtor is the subject of a proceeding pending before a United States court "in which a receiver, trustee, or liquidator for such debtor has been appointed and such proceeding was commenced before the date on which such application was filed, the term 'filing date' means the date on which such proceeding was commenced." Section 78///(7)(B). Thus, even though the Application for a protective decree was filed on December 15, 2008, the Filing Date in this action is on December 11, 2008.

**PLEASE TAKE FURTHER NOTICE:** If you do not properly and timely file a written opposition, the Trustee's determination with respect to your claim will be deemed confirmed by the Court and binding on you.

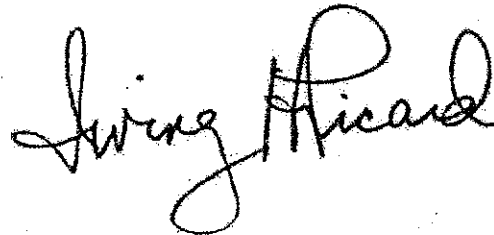
**PLEASE TAKE FURTHER NOTICE:** If you properly and timely file a written opposition, a hearing date for this controversy will be obtained by the Trustee and you will be notified of that hearing date. Your failure to appear personally or through counsel at such hearing will result in the Trustee's determination with respect to your claim being confirmed by the Court and binding on you.

**PLEASE TAKE FURTHER NOTICE:** You must mail your opposition, if any, in accordance with the above procedure, to each of the following addresses:

Clerk of the United States Bankruptcy Court for  
the Southern District of New York  
One Bowling Green  
New York, New York 10004

and

Irving H. Picard, Trustee  
c/o Baker & Hostetler LLP  
Attn: Claims Department  
45 Rockefeller Plaza  
New York, New York 10111



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**Irving H. Picard**

Trustee for the Liquidation of the Business of  
Bernard L. Madoff Investment Securities LLC

cc: DAVID KAPLAN  
300 ROBBINS LANE  
SYOSSET, NY 11791

EXHIBIT B

CUSTOMER CLAIM FORM



BCC II, LLC  
300 ROBBINS LANE  
SYOSSET, NY 11791

June 24, 2009

*Via UPS Overnight*

Irving H. Picard, Esq.  
Trustee for Bernard L. Madoff Investment Securities LLC  
Claims Processing Center  
2100 McKinney Avenue, Suite 800  
Dallas, Texas 75201

Re: Account Number: 1-B0081  
BCC II, LLC through Bull Market Fund  
300 Robbins Lane  
Syosset, New York 11791

Dear Mr. Picard:

BCC II, LLC is a partner in Bull Market Fund, which had an account with Bernard L. Madoff Investment Securities ("BLMIS"), Account No. 1-B0081.

It is our understanding that Bull Market Fund has submitted its own SIPC Customer Claim Form to your office.

We wish to submit our own personal SIPC Customer Claim Form at this time. We are attaching the following:

1. Our SIPC Customer Claim Form;
2. Bull Market Fund's November 30, 2008 BLMIS statement;
3. Our 2007 Schedule K-1;
4. Our personal account balance as of December 11, 2008; and
5. Operating Agreement of BCC II, LLC.

We reserve the right to amend or modify this claim if and to the extent warranted by facts and circumstances not presently known to us, or as a result of a subsequent determination by a court of competent jurisdiction with respect to any issue pertaining to our claim.

This letter is hereby incorporated by reference in and made a part of our SIPC Customer Claim Form.

Very truly yours,

BCC II, LLC


By: BDG Asset Management, Inc.,  
its General Manager

By:



Name: Edward Blumenfeld

Title: President

 [Close Window](#)

## Tracking Detail

Your package has been delivered.

Tracking Number: 1Z 12X 236 13 9067 119 3  
Type: Package  
Status: **Delivered**  
Delivered On: 06/25/2009 1:10 P.M.  
Signed By: THOMASSON  
Location: OFFICE  
Delivered To: 2100 MCKINNEY AVE  
800  
DALLAS, TX, US 75201  
Shipped/Billed On: 06/24/2009  
Reference Number(s): 01/SM, BCC II - BMF  
Service: NEXT DAY AIR SAVER

### Package Progress

Location	Date	Local Time	Description
DALLAS, TX, US	06/25/2009	1:10 P.M.	DELIVERY
	06/25/2009	6:40 A.M.	OUT FOR DELIVERY
	06/25/2009	6:07 A.M.	ARRIVAL SCAN
DALLAS/FT. WORTH A/P, TX, US	06/25/2009	5:40 A.M.	DEPARTURE SCAN
	06/25/2009	4:54 A.M.	ARRIVAL SCAN
ROCKFORD, IL, US	06/25/2009	3:13 A.M.	DEPARTURE SCAN
ROCKFORD, IL, US	06/24/2009	11:29 P.M.	ARRIVAL SCAN
JAMAICA, NY, US	06/24/2009	10:16 P.M.	DEPARTURE SCAN
	06/24/2009	9:18 P.M.	ARRIVAL SCAN
UNIONDALE, NY, US	06/24/2009	8:39 P.M.	DEPARTURE SCAN
	06/24/2009	8:20 P.M.	ORIGIN SCAN
	06/24/2009	7:13 P.M.	PICKUP SCAN
	06/24/2009	7:12 P.M.	PICKUP SCAN

**CUSTOMER CLAIM**

Claim Number \_\_\_\_\_

Date Received \_\_\_\_\_

**BERNARD L. MADOFF INVESTMENT SECURITIES LLC**

In Liquidation

**DECEMBER 11, 2008**

(Please print or type)

Name of Customer: BCC II, LLC  
THROUGH BULL MARKET FUND  
Mailing Address: 300 ROBBINS LANE  
City: SYOSSET State: NY Zip: 11791  
Account No.: BULL MARKET FUND'S ACCOUNT NO.: 1-B0081  
Taxpayer I.D. Number (Social Security No.): 11-3378990

**NOTE:** BEFORE COMPLETING THIS CLAIM FORM, BE SURE TO READ CAREFULLY THE ACCOMPANYING INSTRUCTION SHEET. A SEPARATE CLAIM FORM SHOULD BE FILED FOR EACH ACCOUNT AND, TO RECEIVE THE FULL PROTECTION AFFORDED UNDER SIPA, ALL CUSTOMER CLAIMS MUST BE RECEIVED BY THE TRUSTEE ON OR BEFORE March 4, 2009. CLAIMS RECEIVED AFTER THAT DATE, BUT ON OR BEFORE July 2, 2009, WILL BE SUBJECT TO DELAYED PROCESSING AND TO BEING SATISFIED ON TERMS LESS FAVORABLE TO THE CLAIMANT. PLEASE SEND YOUR CLAIM FORM BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED.

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1. Claim for money balances as of December 11, 2008:

- a. The Broker owes me a Credit (Cr.) Balance of \$ -0-
- b. I owe the Broker a Debit (Dr.) Balance of \$ -0-
- c. If you wish to repay the Debit Balance,  
please insert the amount you wish to repay and  
attach a check payable to "Irving H. Picard, Esq.,  
Trustee for Bernard L. Madoff Investment Securities LLC."  
If you wish to make a payment, it must be enclosed  
with this claim form. \$ -0-
- d. If balance is zero, insert "None." NONE

2. Claim for securities as of December 11, 2008:

**PLEASE DO NOT CLAIM ANY SECURITIES YOU HAVE IN YOUR POSSESSION.**

- |   | <u>YES</u> | <u>NO</u> |
|---|------------|-----------|
| a. The Broker owes me securities        | <u>X</u>   | <u>  </u> |
| b. I owe the Broker securities          | <u>  </u>  | <u>X</u>  |
| c. If yes to either, please list below: |            |           |

Date of Transaction (trade date)	Name of Security	Number of Shares or Face Amount of Bonds	
		The Broker Owes Me (Long)	I Owe the Broker (Short)
	SEE BULL MARKET FUND ACCOUNT STATEMENT	\$323,153*	

Proper documentation can speed the review, allowance and satisfaction of your claim and shorten the time required to deliver your securities and cash to you. Please enclose, if possible, copies of your last account statement and purchase or sale confirmations and checks which relate to the securities or cash you claim; and any other documentation, such as correspondence, which you believe will be of assistance in processing your claim. In particular, you should provide all documentation (such as cancelled checks, receipts from the Debtor, proof of wire transfers, etc.) of your deposits of cash or securities with the Debtor from as far back as you have documentation. You should also provide all documentation or information regarding any withdrawals you have ever made or payments received from the Debtor.

Please explain any differences between the securities or cash claimed and the cash balance and securities positions on your last account statement. If, at any time, you complained in writing about the handling of your account to any person or entity or regulatory authority, and the complaint relates to the cash and/or securities that you are now seeking, please be sure to provide with your claim copies of the complaint and all related correspondence, as well as copies of any replies that you received.

**PLEASE CHECK THE APPROPRIATE ANSWER FOR ITEMS 3 THROUGH 9.**

502180406

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\* PROVIDED BY BULL MARKET, SEE SUPPLEMENTAL CLAIM INFORMATION  
ATTACHMENT A

**NOTE: IF "YES" IS MARKED ON ANY ITEM, PROVIDE A DETAILED EXPLANATION ON A SIGNED ATTACHMENT. IF SUFFICIENT DETAILS ARE NOT PROVIDED, THIS CLAIM FORM WILL BE RETURNED FOR YOUR COMPLETION.**

- |   | <u>YES</u> | <u>NO</u> |
|---|------------|-----------|
| 3. Has there been any change in your account since December 11, 2008? If so, please explain.  | _____      | <u>X</u>  |
| 4. Are you or were you a director, officer, partner, shareholder, lender to or capital contributor of the broker?   | _____      | <u>X</u>  |
| 5. Are or were you a person who, directly or indirectly and through agreement or otherwise, exercised or had the power to exercise a controlling influence over the management or policies of the broker? | _____      | <u>X</u>  |
| 6. Are you related to, or do you have any business venture with, any of the persons specified in "4" above, or any employee or other person associated in any way with the broker? If so, give name(s)    | <u>X *</u> | _____     |
| 7. Is this claim being filed by or on behalf of a broker or dealer or a bank? If so, provide documentation with respect to each public customer on whose behalf you are claiming.                         | _____      | <u>X</u>  |
| 8. Have you ever given any discretionary authority to any person to execute securities transactions with or through the broker on your behalf? Give names, addresses and phone numbers.                   | <u>X *</u> | _____     |
| 9. Have you or any member of your family ever filed a claim under the Securities Investor Protection Act of 1970? if so, give name of that broker.  | _____      | <u>X</u>  |

Please list the full name and address of anyone assisting you in the preparation of this claim form: DAVID KAPLAN, 300 ROBBINS LANE, SYOSSET, NY 11791

If you cannot compute the amount of your claim, you may file an estimated claim. In that case, please indicate your claim is an estimated claim.

**IT IS A VIOLATION OF FEDERAL LAW TO FILE A FRAUDULENT CLAIM. CONVICTION CAN RESULT IN A FINE OF NOT MORE THAN \$50,000 OR IMPRISONMENT FOR NOT MORE THAN FIVE YEARS OR BOTH.**

**THE FOREGOING CLAIM IS TRUE AND ACCURATE TO THE BEST OF MY INFORMATION AND BELIEF.**

BCC II, LLC

By: EDG Asset Management, Inc., its general manager

Date JUNE 24, 2009

Signature

Edward Blumenfeld, President

Date \_\_\_\_\_

Signature \_\_\_\_\_

(If ownership of the account is shared, all must sign above. Give each owner's name, address, phone number, and extent of ownership on a signed separate sheet. If other than a personal account, e.g., corporate, trustee, custodian, etc., also state your capacity and authority. Please supply the trust agreement or other proof of authority.)

**This customer claim form must be completed and mailed promptly, together with supporting documentation, etc. to:**

Irving H. Picard, Esq.,  
Trustee for Bernard L. Madoff Investment Securities LLC  
Claims Processing Center  
2100 McKinney Ave., Suite 800  
Dallas, TX 75201

SUPPLEMENTAL CLAIM INFORMATION  
ATTACHMENT A

Claimant is filing this claim form as a customer of Bernard L. Investment Securities LLC ("BLMIS"), having invested in BLMIS through a partnership, Bull Market Fund ("BMF"). Pursuant to the partnership agreement of BMF and other written agreements amongst the Partners of BMF, BMF invested all of its funds with BLMIS. BMF has informed claimant that its customer account number with BLMIS was 1-B0081. BMF has also advised claimant that it is filing a customer claim for the losses in its customer account with BLMIS.

BMF typically issued quarterly statements showing each partner's account summary. In light of the BLMIS fraud, BMF issued a statement to each partner showing their closing balance as of December 10, 2008, a copy of which is enclosed. Claimant believes that as of December 11, 2008, the amount of claimant's investment was all held in the securities as shown on the November 30, 2008 BLMIS statement for BMF, a copy of which is also enclosed.

Bernard L. Madoff ("BLM") has a 5% non-voting membership interest in W.D.I., LLC (f/k/a BDG Lake Success, LLC), which owns a 30% interest in BCC II, LLC. BLM has a 2% non-voting interest in 4<sup>th</sup> & Forty, LLC (f/k/a JK Capital, LLC), which owns a 70% interest in BCC II, LLC. Mark Madoff and Andrew Madoff each have a 1.5% non-voting membership interest in 4<sup>th</sup> & Forty, LLC.

**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
New York □ London

885 Third Avenue  
New York, NY 10022  
(212) 230-2424  
800 384-1343  
Fax (212) 838-4061

Annuated with  
Madoff Securities International Limited  
12 Berkeley Street  
Mayfair, London W1J 8DT  
Tel 020 7493 6222

**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET  
NY 11791

1-800-831-3-0

11/30/08

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BOUGHT	SELL	DATE	DESCRIPTION	PRICE	QTY	AMOUNT	ACQUISITION COST
--------	------	------	-------------	-------	-----	--------	------------------

11/06	21,808	10889	APPLE INC	105.380	206	21,428.340	08
11/06	4,992	11116	ABBOTT LABORATORIES	25.090	199	5,000.000	
11/06	3,432	11353	AMGEN INC	60.350	57	3,432.000	
11/06	2,496	11588	BOEING CO	51.120	49	2,500.000	
11/06	16,224	11825	BANK OF AMERICA	23.840	681	16,224.000	
11/06	1,672	12058	BAKER INTERNATIONAL INC	60.600	28	1,672.000	
11/06	3,744	12293	BANK OF NEW YORK MELLON CORP	32.290	116	3,744.000	
11/06	6,240	12528	BRISTOL MYERS SQUIBB COMPANY	20.610	303	6,240.000	
11/06	2,184	12703	AMERUSHER 105 CH 9005 INC	62.780	35	2,184.000	
11/06	17,472	12998	GENERAL GRIGU-ING	13.580	129	17,472.000	
11/06	9,360	13233	COMCAST CORP	15.790	594	9,360.000	
11/06	4,992	13408	CL-A	51.220	97	4,992.000	
11/06	19,032	13703	CONOCOPHILLIPS	17.020	1120	19,032.000	
11/06	4,680	13938	ELSCO SYSTEMS INC	30.510	153	4,680.000	
11/06	6,552	14173	CYS CAREMARK CORP	73.740	89	6,552.000	
11/06	6,240	14408	CHEVRON CORP	24.760	252	6,240.000	
11/06	39,384	14643	THE HAVES BROS INC	19.000	2073	39,384.000	
11/06	624	14878	GENERAL ELECTRIC CO	356.520	2	624.000	
11/06	1,248	15113	GOUDMAN SACHS GROUP INC	91.870	14	1,248.000	
11/06	5,616	15348	HOMER REPAIR INC	20.800	270	5,616.000	
11/06	7,800	15588	MENDEL-T-PACARD CO	60.380	129	7,800.000	
11/06	4,368	15818	INTERNATIONAL BUSINESS MACHS	92.800	47	4,368.000	

CONTINUED ON PAGE 2



**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
New York ☐ London

885 Third Avenue  
New York, NY 10022  
(212) 230-2424  
800 334-1343  
Fax (212) 838-4061

MEMBERSHIP LISTED AT THE SECURITIES AND EXCHANGE COMMISSION  
12 Berkeley Street  
Mayfair, London W1J 8DT  
Tel 020 7493 6222

BULL MARKET FUND  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET  
NY 11791

1-B0081-3-0

11/30/08

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DATE	BUY/SELL	PRICE	QTY	DESCRIPTION	PRICE	QTY	AMOUNT	AMOUNT
11/06		17,784	16053	INTEL CORP	16.070	286,499.88		
11/06		9,048	16288	JOHNSON & JOHNSON	61.310	555,093.88		
11/06		11,856	16523	J.P. MORGAN CHASE & CO	40.910	485,150.26		
11/06		4,992	16758	KRAFT FOOD INC	29.110	145,516.42		
11/06		6,240	16993	COCA COLA CO	44.490	277,866.60		
11/06		3,744	17228	MCBONALDS CORP	57.900	216,926.60		
11/06		3,744	17463	NEUTRINE INC	40.310	151,069.04		
11/06		2,184	17698	5M COMPANY	63.590	138,796.76		
11/06		6,552	17933	ALTRIA GROUP INC	19.160	125,798.32		
11/06		6,864	18168	MERCK & CO	30.780	211,547.92		
11/06		25,727	18403	MICROSOFT CORP	22.110	364,028.32		
11/06		12,792	18638	ORACLE CORPORATION	18.110	232,174.12		
11/06		2,808	19343	OCCIDENTAL PETROLEUM CORP	54.290	152,558.32		
11/06		4,992	19578	PERSTICO INC	57	284,743.00		
11/06		21,528	19813	PRIZER INC	17.690	381,091.32		
11/06		9,672	20048	PROCTER & GAMBLE CO	64.570	624,907.04		
11/06		6,864	20263	PHILLIP MORRIS INTERNATIONAL	42.730	293,572.72		
11/06		5,304	20518	QUALCOMM INC	37.810	200,756.24		
11/06		3,744	20753	SCHLUMBERGER LTD	51.760	193,938.44		
11/06		18,720	20988	AT&T INC	26.980	505,813.66		
11/06		11,544	21223	TIME WARNER INC	10.060	116,593.64		
11/06		3,120	21458	UNITED PARCEL SVC INC	52.790	164,828.80		
11/06		5,616	21693	GLASS BROS	29.550	166,176.80		
11/06		3,120	21928	U.S. BANKCORP	54.920	171,474.40		
				UNITED TECHNOLOGIES CORP				
				CONTINUED ON PAGE 3				

PLEASE RETAIN THIS STATEMENT FOR INCOME TAX PURPOSES



**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
New York □ London

885 Third Avenue  
New York, NY 10022  
(212) 230-2424  
800 334-1343  
Fax (212) 838-4061

INVESTMENT SECURITIES LIMITED  
12 Berkeley Street  
Mayfair, London W1J 8DT  
Tel 020 7493 6222

**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET NY 11791

1-80081-3-0

11/30/08

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DATE	BOUGHT RECEIVED/ISSUED	PAID RECEIVED/ISSUED	DESCRIPTION	PRICE PER UNIT	QUANTITY	AMOUNT	PAID RECEIVED/ISSUED
11/06	9,048	22163	VERIZON COMMUNICATIONS	29.980	271,620.04		
11/06	10,608	22398	WELLS FARGO 5 CD NEW	33.660	357,489.28		
11/06	7,117	22633	KAL-MART STORES INC	56.500	406,161.56		
11/06	16,848	22868	EXXON-MOBIL CORP	73.680	1,242,503.84		
11/06			FIDELITY SPARTAN	DIV			2.54
11/06	18,784	10648	U.S. TREASURY MONEY-MARKET		10,764.00		
11/06			FIDELITY SPARTAN				
11/06	24,408	48165	U.S. TREASURY MONEY-MARKET	1	24,408.00		
11/06	1,925,000	48599	U.S. TREASURY MONEY-MARKET				24,408.00
11/06			U.S. TREASURY-BILL				
11/06	3,850,000	48601	U.S. TREASURY-BILL		99,932		
11/06			U.S. TREASURY-BILL				3,923,430.00
11/06	3,925,000	48824	U.S. TREASURY-BILL		99,960		
11/06			U.S. TREASURY-BILL				3,923,880.50
11/06	3,925,000	49033	U.S. TREASURY-BILL		99,946		
11/06			U.S. TREASURY-BILL				3,922,409.60
11/06	3,925,000	49246	U.S. TREASURY-BILL		99,934		
11/06			U.S. TREASURY-BILL				
11/06			CONTINUED ON PAGE 4				

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**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
New York ☐ London

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Fax (212) 838-4061

MADOFF SECURITIES INTERNATIONAL LIMITED  
12 Berkeley Street  
Mayfair, London W1J 8DT  
Tel 020 7493 6222

**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET NY 11791

1-B0081-3-0

11/30/08

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DATE	AMOUNT	DESCRIPTION	PRICE	AMOUNT	AMOUNT
11/06	3,925,000	U.S. TREASURY BILL DUE 01/29/2009	99.928		3,922,174.00
11/06	1,650,000	U.S. TREASURY BILL DUE 2/12/2009	99.902		1,648,383.00
11/06	2,575,000	U.S. TREASURY BILL DUE 03/26/2009	99.802		2,569,901.50
11/06	2,575,000	U.S. TREASURY BILL DUE 04/02/2009	99.751		2,568,588.25
11/06	2,575,000	U.S. TREASURY BILL DUE 04/09/2009	99.726		2,567,944.50
11/01	1,944	APPLE INC	108.800		211,584.20
11/01	3,456	ABBOTT LABORATORIES	56.590		195,713.04
11/01	2,376	AMGEN INC	62.070		147,573.32
11/01	1,729	BOEING CO	52.640		92,468.92
11/01	1,016	BANK OF AMERICA	25.720		26,140.92
11/01	1,296	BAXTER INTERNATIONAL INC	61.740		80,066.04
11/01	3,376	BANK OF NEW YORK MELLON CORP	34.210		81,377.96
11/01	4,120	BRISTOL MYERS SQUIBB COMPANY	21.020		86,597.80
11/01	1,512	AMERUSHER-BUSCH COS INC	64.190		97,115.28
11/01	11,664	CITI GROUP INC	14.410		168,544.24

CONTINUED ON PAGE 5

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NY 11791

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DATE	BOUGHT ACCT# 0000000000	ASOLD ACCT# 0000000000	IN IN	DESCRIPTION	PRICE PER SHARE	AMOUNT DEBITED TO ACCOUNT	AMOUNT CREDITED TO ACCOUNT
11/07	6,264	25754	17.390	COMCAST CORP	109,180.96		
11/07	3,240	25939	58.060	CONDORPHILLES	112,043.40		
11/07	12,744	26224	17.580	CISCO-SYSTEMS INC	224,548.52		
11/07	3,024	26459	31.720	CVS-CAREMARK CORP	96,041.28		
11/07	4,536	26694	75.450	CHEVRON CORP	342,422.20		
11/07	4,104	26925	25.620	THE WALT DISNEY CO	105,308.48		
11/07	22,680	27164	29.810	GENERAL ELECTRIC CO	450,197.80		
11/07	432	27399	349.160	GOOGLE	150,854.12		
11/07	864	27634	89.070	GOLDMAN SACHS GROUP INC	76,990.48		
11/07	3,612	27869	22.480	HOMER DERBY INC	82,692.56		
11/07	5,460	28104	58.620	HEWLETT-PACKARD CO	299,844.00		
11/07	3,024	28339	92.430	INTERNATIONAL BUSINESS MACHS	279,628.32		
11/07	12,096	28574	16	INTEL CORP	194,019.00		
11/07	6,048	28809	61.820	JOHNSON & JOHNSON	374,128.86		
11/07	8,208	29044	40.960	JPMORGAN CHASE & CO	336,527.68		
11/07	3,240	29279	29.710	KRAFT FBD INC	96,389.40		
11/07	4,320	29514	46.580	COCA-COLA CO	201,397.60		
11/07	2,376	29749	57.430	MC DONALD'S CORP	136,788.76		
11/07	2,376	29984	41.140	MEDTRONIC INC	97,849.64		
11/07	1,512	30219	64.880	3M COMPANY	98,158.56		
11/07	4,536	30454	19.370	ALTRIA GROUP INC	88,043.32		
11/07	4,752	30689	30.480	MERCK & CO	145,030.96		
11/07	17,280	30924	22.940	MICROSOFT CORP	397,094.20		
11/07	8,640	31159	18.470	ORACLE CORPORATION	159,925.80		

CONTINUED ON PAGE 6

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Tel 020 7493 6222

**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET  
NY 11791

1-B0081-3-0

11/30/08

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DATE	BOUGHT RECEIVED ON LONG	SELL RECEIVED ON SHORT	FIN IN	DISPOSITION	REASON FOR S/MOL	AMOUNT OF LOSS	AMOUNT OF GAIN
11/07		2,450,000	11382	U.S. TREASURY BILL DUE 02/19/2009	99.887		2,447,231.50
11/07		2,450,000	11597	U.S. TREASURY BILL DUE 02/26/2009	99.889		2,447,280.50
11/07		2,305,000	11813	U.S. TREASURY BILL DUE 03/05/09	99.866		2,307,1,847.50
11/07		2,450,000	12019	U.S. TREASURY BILL DUE 03/12/2009	99.840		2,446,080.00
11/07	1,175,000		12141	U.S. TREASURY BILL DUE 04/09/2009	99.720	1,171,710.00	
11/07	1,175,000		12361	U.S. TREASURY BILL DUE 4/16/2009	99.671	1,171,134.00	
11/07	30,199		12681	U.S. TREASURY BILL DUE 4/16/2009	99.671	30,199.00	
11/10	2,376		35864	APPLE INC.	108.720	258,413.72	
11/10	4,224		36099	ABBOTT LABORATORIES	55.910	236,331.84	
11/10	2,904		36384	ANGEN INC.	59.620	173,250.48	
11/10	2,112		36569	BOEING CO.	52.190	110,809.28	
11/10	13,728		36804	BANK OF AMERICA	24.050	330,707.40	
				CONTINUED ON PAGE 8			

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C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
NY 11791

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11/20/08

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MANUAL VOCALIZED TRANSCRIPTIONS LIMITED  
12 Berkeley Street  
Mayfair, London W1J 8DT  
Tel 020 7498 6222

DATE	BOUGHT RECEIVED OFFERED	SOLD OFFERED OFFERED	PN	DESCRIPTION	PRICE OR SYMBOL	AMOUNT DEBITED TO INVESTOR ACCOUNT	AMOUNT CREDITED TO INVESTOR ACCOUNT
11/10	1,848		37039	BAXTER INTERNATIONAL INC	60.770	112,375.96	
11/10	3,168		37274	BANK OF NEW YORK MELLON CORP	33.480	106,190.64	
11/10	5,544		37508	BOSTON VENTURE SECURITIES COMPANY	21.310	118,263.64	
11/10	1,848		37744	ANNEUSER-BUSCH COS INC	64.090	118,511.32	
11/10	15,048		37979	CTI GROUP INC	14.270	215,335.96	
11/10	7,920		38214	CONCAST CORP	17.410	138,203.20	
11/10	4,224		38449	CONOCOPHILIPS	54.130	228,813.12	
11/10	16,104		38684	CISCO SYSTEMS INC	18.080	291,804.32	
11/10	3,960		38919	CVS-CAREMARK CORP	31.300	124,106.00	
11/10	5,808		39154	CHEVRON CORP	76.410	444,021.28	
11/10	5,016		39389	THE WALTON-DUNN CO	25.660	128,910.56	
11/10	28,776		39624	GENERAL ELECTRIC CO	20.530	591,922.28	
11/10	528		39859	GOOGLE	363.580	191,991.24	
11/10	1,320		40094	GOLDMAN SACHS GROUP INC	92.680	122,389.60	
11/10	4,752		40329	HOME DEPOT INC	23.830	109,628.56	
11/10	6,864		40564	HEWLETT-PACKARD CO	37.290	256,232.56	
11/10	3,696		40799	INTERNATIONAL BUSINESS MACHS	92.660	342,618.36	
11/10	15,576		41084	UNITED CO	15.880	241,969.88	
11/10	7,656		41269	JOHNSON & JOHNSON	61.920	469,771.92	
11/10	10,032		41504	J.P. MORGAN CHASE & CO	41.730	419,036.36	
11/10	4,224		41739	KRAFT FOOD INC	30.100	127,310.40	
11/10	5,544		41974	GOA COLA CO	45.500	252,473.00	
11/10	3,168		42209	MCDONALDS CORP	57.230	181,450.64	
11/10	3,168		42444	MEDTRONIC INC	40.300	127,796.40	
11/10				CONTINUED ON PAGE 9			

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MANUL SECURITIES INSTITUTIONAL LIMITED  
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**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET NY 11791

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11/30/08

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DATE	BOUGHT PRICE	SOLD PRICE	TIN	DESCRIPTION	PRICE PAID	AMOUNT PAID	AMOUNT RECEIVED
11/10	1,848	42679	3M COMPANY		64,690	119,620.12	
11/10	5,544	42914	ALTRIA GROUP INC		18,890	104,947.16	
11/10	5,808	43149	WELLS FARGO		30,510	177,434.08	
11/10	21,384	43584	WELLS FARGO CORP		23,200	496,963.80	
11/10	10,824	43619	ORACLE CORPORATION		18,600	201,758.40	
11/10	2,376	44324	OCCIDENTAL PETROLEUM CORP		56,010	133,174.76	
11/10	4,224	44559	PERSICO INC		57,520	243,759.20	
11/10	18,744	44794	PRIZER INC		17,960	387,392.24	
11/10	8,184	45029	PROCTER & GAMBLE CO		65,230	534,169.32	
11/10	5,544	45264	PHILIP MORRIS INTERNATIONAL		44,030	244,323.32	
11/10	4,788	45499	QUALECOMM INC		37,810	167,620.28	
11/10	3,432	45794	STERNEBERGER LTD		30,500	170,458.00	
11/10	16,368	45969	AT&T INC		28,580	468,451.44	
11/10	9,504	46204	TIME WARNER INC		11,010	105,019.04	
11/10	2,640	46439	UNITED PARCEL SERVICE INC		54,420	143,773.80	
11/10	4,752	46674	U S BANCORP		31,510	149,925.52	
11/10	2,640	46909	UNITED TECHNOLOGIES CORP		56,430	149,080.20	
11/10	7,920	47144	VERIZON COMMUNICATIONS		32	253,758.00	
11/10	8,976	47579	WELLS FARGO 2-68 NEW		24,600	310,928.60	
11/10	6,072	47614	WAL-MART STORES INC		55,710	338,513.12	
11/10	14,256	47849	EXXON MOBIL CORP		75,800	1,081,174.80	
11/10			FIDELITY SPARTAN				
11/10			U S TREASURY MONEY MARKET				
			DIV 11/10/98				
			CONTINUED ON PAGE 20				

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**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET  
NY 11791

1-80081-3-0

11/30/08

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12 BERKELEY STREET  
MAYFAIR, LONDON W1J 8DT  
TEL 020 7693 6222

DATE	BOUGHT RECEIVED OR LONG	SOLD DECEASED OR SHORT	TR	DESCRIPTION	PRICE OR OFFER	AMOUNT BOUGHT OR SOLD	AMOUNT BOUGHT OR SOLD
11/10		30,199	12816	FIDELITY SPARTAN U.S. TREASURY MONEY MARKET DUE 03/19/2009	1		30,199.00
11/10		2,600,000	13204	U.S. TREASURY BILL DUE 03/19/2009	98.867		2,596,542.00
11/10		2,575,000	13423	U.S. TREASURY BILL DUE 03/26/2009	99.834		2,570,425.50
11/10		2,575,000	13625	U.S. TREASURY BILL DUE 04/02/2009	99.770		2,569,077.50
11/10		3,750,000	13826	U.S. TREASURY BILL DUE 04/09/2009	99.742		3,740,925.00
11/10		1,175,000	14061	U.S. TREASURY BILL DUE 4/16/2009	99.686		1,171,340.50
11/10	50,000		14281	U.S. TREASURY BILL DUE 4/26/2009	99.686	49,843.00	
11/10	685		14508	FIDELITY SPARTAN U.S. TREASURY MONEY MARKET CHECK DUE 11/14/08	1	685.00	
11/14		10,400	29442	FIDELITY SPARTAN U.S. TREASURY MONEY MARKET DIV	97.720	100,000.00	100,677.00
11/14				CONTINUED ON PAGE 11			.05

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11/30/08

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DATE	BOUGHT	SELL	DESCRIPTION	PRICE/PER SHARE	AMOUNT PAID	AMOUNT RECEIVED	UNREALIZED GAIN/LOSS
11/19	3,525,000	54708	U S TREASURY BILL DUE 03/26/2009	99.926	3,522,391.50		
11/19	9,120	59098	FIDELITY SPARTAN U S TREASURY MONEY MARKET	1	9,120.00		
11/20	3,525,000	63699	CHECK U S TREASURY BILL DUE 03/26/2009	99.962	3,523,960.50		
11/20	2,850,000	63927	U S TREASURY BILL DUE 4/16/2009	99.947	2,848,489.50		
11/20	171	64175	FIDELITY SPARTAN U S TREASURY MONEY MARKET	1	171.00		
11/25	882	64417	APPLE INC	85.070	75,066.74		
11/25	1,568	64655	ABBOTT LABORATORIES	54.140	84,953.52		
11/25	1,078	64893	ANGEN INC	53.630	57,856.14		
11/25	4,998	65131	BANK OF AMERICA	12.980	65,073.04		
11/25	588	65369	DAVITA INTERNATIONAL INC	22.570	13,234.16		
11/25	1,176	65607	BANK OF NEW YORK MELLON CORP	24.690	29,062.44		
11/25	1,960	65845	BRISTOL MYERS SQUIBB COMPANY	20.140	39,552.40		
11/25	5,684	66083	CITI GROUP INC	6.100	34,899.40		
11/25	490	66321	CELESTINE PALMDLIVE CO	62.660	30,722.40		
11/25	2,842	66559	COMCAST CORP CL A	13.940	39,815.74		

CONTINUED ON PAGE 13

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DATE	BUY/SELL	PRICE	AMOUNT	DESCRIPTION	ACQUISITION COST	AMOUNT RECEIVED	UNREALIZED GAIN/LOSS
11/25	1,568	66797	45,100	CONDOPHILIPS	70,778.80		
11/25	5,880	67035	14,970	CISCO SYSTEMS INC	88,258.60		
11/25	1,410	67273	27,040	CYS CAREMARK CORP	35,806.80		
11/25	2,058	67511	68,710	CHEVRON CORP	141,487.18		
11/25	1,862	67749	19,760	THE WALT DISNEY CO	36,867.12		
11/25	686	67987	48,749	EXELON CORP	33,462.64		
11/25	10,780	68225	14,010	GENERAL ELECTRIC CO	151,458.80		
11/25	196	68463	275	GOOGLE	59,907.00		
11/25	1,666	68701	19,539	HOME DEPOT INC	32,602.98		
11/25	2,450	68939	32,990	HEILETT PACKARD CO	80,923.50		
11/25	1,372	69177	75,080	INTERNATIONAL BUSINESS MACHS	103,063.76		
11/25	5,684	69415	12,270	INTEL CORP	69,969.68		
11/25	2,842	69653	57,650	JOHNSON & JOHNSON	163,954.30		
11/25	3,724	69891	27,750	J.P. MORGAN CHASE & CO	103,526.24		
11/25	1,470	70129	25,900	SEAFood INC	38,131.00		
11/25	1,960	70367	42,040	COCA COLA CO	82,476.40		
11/25	1,078	70605	35	MCDONALDS CORP	59,333.00		
11/25	1,175	70843	30,800	MEDTRONIC INC	36,267.80		
11/25	686	71081	58,280	ON COMPANY	40,007.08		
11/25	2,058	71319	16,250	ALTRIA GROUP INC	39,524.50		
11/25	2,156	71557	25	WERCK & CO	53,986.00		
11/25	7,840	71795	18,100	MICROSOFT CORP	142,217.00		
11/25	3,920	72509	16,050	ORACLE CORPORATION	63,072.00		
11/25	882	72747	44,570	OCIDENTAL PETROLEUM CORP	39,345.74		
11/25	1,568	72985	51,800	PEPSICO INC	81,284.40		

CONTINUED ON PAGE 14

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BULL MARKET FUND  
F/K/A BLUMENFELD EMPLOYEES  
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Tel 020 7493 6222

11/30/08

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Date	BOUGHT SELLER'S ACCOUNT	SOLD BUYER'S ACCOUNT	TIN	Description	PRICE/SHR/AMOUNT	AMOUNT DEBITED CREDIT ACCOUNT	AMOUNT CREDITED DEBIT ACCOUNT
11/25	6,762		73223	PFIZER INC	15.320	103,863.84	
11/25	2,940		73461	PROCTER & GAMBLE CO	61.940	182,220.60	
11/25	2,059		73699	PHILLIP MORRIS INTERNATIONAL	56.380	115,852.04	
11/25	1,666		73937	QUALCOMM INC	29.850	49,796.10	
11/25	1,176		74175	SCHLUMBERGER LTD	46.270	54,460.52	
11/25	5,880		74413	AT&T INC	25	147,235.00	
11/25	3,626		74651	HOME DEPOT INC	8.010	29,185.26	
11/25	980		74889	UNITED PARCEL SVS INC	50.760	49,788.80	
11/25				CLASS B			
11/25	1,764		75127	U. S. BANCORP	23.400	41,347.60	
11/25	980		75365	UNITED TECHNOLOGIES CORP	45.890	44,821.20	
11/25	2,842		75603	VERIZON COMMUNICATIONS	26.570	75,624.94	
11/25	3,822		75841	WELLS FARGO & CO NEW	23.820	91,192.04	
11/25	2,254		76079	WAL-MART STORES INC	51.450	116,058.30	
11/25	1,372		76317	WELLS FARGO	38	45,230.00	
11/25	5,292		76555	EXXON MOBILE CORP	42	381,235.00	
11/25				FIDELITY SPARTAN			93
11/25				U. S. TREASURY MONEY MARKET			
11/25		9,291	77122	FIDELITY SPARTAN	1		9,291.00
11/25				U. S. TREASURY MONEY MARKET			
11/25		3,725.000	77386	U. S. TREASURY BILL	99.878		3,720,455.50
11/25				DOE 4/16/2009			
11/25	42,963		77681	FIDELITY SPARTAN	1		
11/25				U. S. TREASURY MONEY MARKET			
11/25				CONTINUED ON PAGE 45			

PLEASE RETAIN THIS STATEMENT FOR INCOME TAX PURPOSES



MANUAL ACCOUNTS INTERNATIONAL LIMITED  
12 Berkeley Street  
Mayfair, London W1J 8DT  
Tel 020 7493 6222

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DATE	BUYER	SELLER	UNIT	DESCRIPTION	QUANTITY	UNIT PRICE	AMOUNT	AMOUNT
11/26	5,000			CHECK				
11/26				FIDELITY SPARTAN	1	CA	5,000.00	5,000.00
11/26				U.S. TREASURY MONEY MARKET				
11/26				BAXTER INTERNATIONAL INC	52.640	CM	50,000.00	5,260.00
11/26				CHECK		DIV		2.26
11/26				FIDELITY SPARTAN				
11/26				U.S. TREASURY MONEY MARKET				
11/26				DIV. 11/28/08				
11/26				FIDELITY SPARTAN	1			47,963.00
11/26				U.S. TREASURY MONEY MARKET				
11/26				FIDELITY SPARTAN				
11/26				U.S. TREASURY MONEY MARKET				
11/26				NEW BALANCE				
11/26				SECURITY POSITIONS				
11/26				AT&T INC				
11/26				ABBOTT LABORATORIES				
11/26				ALTRIA GROUP INC				
11/26				AMGEN INC				
11/26				APPLE INC				
11/26				BANK OF AMERICA				
11/26				BANK OF NEW YORK MELLON CORP				
11/26				BAXTER INTERNATIONAL INC				
11/26				BOEING CO				
11/26				CONTINUED ON PAGE 16				

**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
New York ☐ London

835 Third Avenue  
New York, NY 10022  
(212) 230-2424  
800 334-1343  
Fax (212) 838-4061

MANUAL UTILITY AND INVESTMENT LIMITED  
12 Berkeley Street  
Mayfair, London W1J 8DT  
Tel 020 7493 6222

**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET  
NY 11791

1-B0081-3-0

11/30/08

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DATE	BALANCE FWD/OPENING	SOLD NEW/OPENING	TRF	DESCRIPTION	PRICE/SYMBOL	AMOUNT OF PURCHASE	AMOUNT OF GROSS
	18,064			BRISTOL MYERS SQUIBB COMPANY	20.700		
	13,134			CVS-CAREMARK CORP	28.930		
	18,954			CHEVRON CORP	79.010		
	53,760			CISCO SYSTEMS INC	16.540		
	49,868			CITI GROUP INC	8.290		
	18,064			COCOA COLA CO	46.830		
	490			COLGATE PALMOLIVE CO	65.000		
	26,386			COMCAST CORP	17.340		
	14,024			CL A			
	11,222			CONOCOPHILLIPS	52.520		
	686			THE WALT DISNEY CO	22.940		
	47,844			EXELON CORP	50.210		
	95,620			EXXON MOBIL CORP	80.150		
	3,432			GENERAL ELECTRIC CO	17.170		
	1,780			GOLDMAN SACHS GROUP INC	78.990		
	22,514			GOOGLE	292.960		
	15,706			HEWLETT PACKARD CO	35.280		
	51,140			HOME DEPOT INC	23.110		
	12,460			INTEL CORP	13.000		
	33,820			INTERNATIONAL BUSINESS MACHS	81.600		
	25,594			J.P. MORGAN CHASE & CO	31.660		
	13,926			KRAFT FOOD INC	58.580		
	10,366			MEDTRONIC INC	27.210		
	10,464			MEDTRONIC INC	30.520		

CONTINUED ON PAGE 17

**BERNARD L. MADOFF**  
**INVESTMENT SECURITIES LLC**  
 New York ☐ London

885 Third Avenue  
 New York, NY 10022  
 (212) 230-2424  
 800 334-1343  
 Fax (212) 838-4061

**BULL MARKET FUND**  
**F/K/A BLUMENFELD EMPLOYEES**  
**C/O BLUMENFELD DEV GROUP LTD**  
**300 ROBBINS LANE**  
**SYOSSET**  
**NY 11791**

Madoff Securities International Limited  
 12 Berkeley Street  
 Mayfair, London W1J 8DT  
 Tel 020 7493 6222

1-B0081-3-0

11/30/98

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DATE	BOUGHT RECEIVED OR LONG	SALE DELIVERED OR SHORT	TIN	DESCRIPTION	PRICE OR SYMBOL	AMOUNT BOUGHT OR SOLD (COST)	AMOUNT RECEIVED OR PAID (PROCEEDS)
	19,580			MERCK & CO	26.720		
	11,716			MICROSOFT CORP	20.220		
	7,794			OCCIDENTAL PETROLEUM CORP	54.140		
	36,176			GRACE CORP ORATION	16.090		
	14,240			PEPSICO INC	56.700		
	61,722			PFIZER INC	16.430		
	19,002			PHILIP MORRIS INTERNATIONAL	42.160		
	27,492			PROCTER & GAMBLE CO	64.350		
	15,130			QUALCOMM INC	33.570		
	10,944			SCHLUMBERGER LTD	50.740		
	3,226			FIDELITY SPARTAN	1		
	6,230			U.S. TREASURY MONEY MARKET			
	22,050			3M COMPANY	66.930		
	16,020			TIME WARNER INC	9.050		
	8,900			U.S. BANCORP	26.980		
				UNITED PARCEL SVC INC	57.600		
				CLASS B			
	8,900			UNITED TECHNOLOGIES CORP	48.530		
	25,858			VERIZON COMMUNICATIONS	32.950		
	20,470			WAL MART STORES INC	55.080		
	30,750			WELLS FARGO & CO NEW	28.890		
	1,372			WYETH	36.010		
				MARKET VALUE OF SECURITIES			
				LONG		37,919,862.86	
				SHORT			

PLEASE RETAIN THIS STATEMENT FOR INCOME TAX PURPOSES



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INVESTMENT SECURITIES LLC  
New York □ London

885 Third Avenue  
New York, NY 10022  
(212) 230-2424  
800 334-1343  
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MADOFF SECURITIES INTERNATIONAL LIMITED  
12 Berkeley Street  
Mayfair, London W1J 8DT  
Tel 020 7493 6222

**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET  
NY 11791

1-80081-4-0

11/30/08

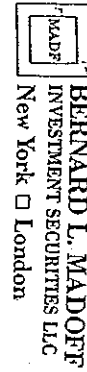
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DATE	BOUGHT ACQUISITION	SOLD REDEMPTION	TR	DESCRIPTION	PRICE OF SHARES	AMOUNT PAID	AMOUNT RECEIVED
11/06		312	18972	BALANCE FORWARD			1,428,341.00
11/06	312		19108	S & P 100 INDEX NOVEMBER 470 CALL	20.300	639,912.00	639,912.00
11/07		216	31629	S & P 100 INDEX NOVEMBER 460 PUT	22	298,296.00	475,984.00
11/10	264		43854	S & P 100 INDEX NOVEMBER 470 CALL	12.400	443,784.00	327,696.00
11/10	264		44089	S & P 100 INDEX NOVEMBER 475 PUT	16.800	443,784.00	2,058,408.00
11/19	792		30065	S & P 100 INDEX DECEMBER 430 CALL	20	2,316,792.00	2,058,408.00
11/19	528		30541	S & P 100 INDEX NOVEMBER 470 CALL	1.600	79,728.00	
11/19	264		30779	S & P 100 INDEX NOVEMBER 485 CALL	900	24,024.00	
11/19		528	31017	S & P 100 INDEX NOVEMBER 460 PUT	45		2,378,472.00
11/19		264	31255	S & P 100 INDEX NOVEMBER 475 PUT	59		1,557,336.00

CONTINUED ON PAGE 2

PLEASE RETAIN THIS STATEMENT FOR INCOME TAX PURPOSES



**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
New York □ London

880 Third Avenue  
New York, NY 10022  
(212) 230-2424  
800 334-1343  
Fax (212) 838-4061

12 Berkeley Street  
Mayfair, London W1J 8DT  
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**BULL MARKET FUND**  
F/K/A BLUMENFELD EMPLOYEES  
C/O BLUMENFELD DEV GROUP LTD  
300 ROBBINS LANE  
SYOSSET NY 11791

1-B0081-4-0

11/30/08

2

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DATE	BOUGHT RECEIVED OR LONG	SOLD DELIVERED OR SHORT	ORIGIN	DESCRIPTION	PRICE ORS AMOUNT	AMOUNT DEBITED TO YOUR ACCOUNT	AMOUNT CREDITED TO YOUR ACCOUNT
11/25		98	72033	S.E.P 100 INDEX DECEMBER 380 CALL	34		333,102.00
11/25	98		72211	S.E.P 100 INDEX DECEMBER 370 PUT	21	205,898.00	
		792		NEW BALANCE			5,119,353.00
		792		SECURITY POSITIONS			
		98		S.E.P 100 INDEX DECEMBER 430 CALL	MKT PRICE 23.300		
	792			S.E.P 100 INDEX DECEMBER 380 CALL	61		
	98			S.E.P 100 INDEX DECEMBER 420 PUT	16.500		
				S.E.P 100 INDEX DECEMBER 370 PUT	5.100		
				MARKET VALUE OF SECURITIES			
				LONG		27,723,100.00	
				SHORT			1,356,760.00

PLEASE RETAIN THIS STATEMENT FOR INCOME TAX PURPOSES

**Schedule K-1  
(Form 1065)**

Department of the Treasury  
Internal Revenue Service

For calendar year 2007, or tax

year beginning

ending

**Partner's Share of Income, Deductions, Credits, etc.**

▶ See separate instructions.

**2007**

☐ Final K-1

☐ Amended K-1

OMB No. 1545-0099

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	15 Credits
0.	
2 Net rental real estate income (loss)	16 Foreign transactions
3 Other net rental income (loss)	
4 Guaranteed payments	
5 Interest income	
3,290.	
6a Ordinary dividends	17 Alternative min tax (AMT) items
1,931.	
6b Qualified dividends	
7 Royalties	18 Tax-exempt income and nondeductible expenses
8 Net short-term capital gain (loss)	
17,840.	
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	19 Distributions
9c Unrecaptured sec 1250 gain	20 Other information
	A 5,221.
10 Net section 1231 gain (loss)	W* 3,290.
11 Other income (loss)	
689.	
C	
12 Section 179 deduction	
13 Other deductions	
14 Self-employment earnings (loss)	

\*See attached statement for additional information.

For IRS Use Only

**Part I Information About the Partnership**

A Partnership's employer identification number

11-2796934

B Partnership's name, address, city, state, and ZIP code

BULL MARKET FUND.  
300 ROBBINS LANE  
SYOSSET, NY 11791

C IRS Center where partnership filed return

OGDEN, UT

D ☐ Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

E Partner's identifying number

11-3378990

F Partner's name, address, city, state, and ZIP code

BCC II LLC  
300 ROBBINS LANE  
SYOSSET, NY 11791

G ☒ General partner or LLC

member-manager

☐ Limited partner or other LLC

member

H ☒ Domestic partner

☐ Foreign partner

I What type of entity is this partner? **PARTNERSHIP**

J Partner's share of profit, loss, and capital:

Beginning

Ending

Profit **VARIOUS%** **VARIOUS%**

Loss **VARIOUS%** **VARIOUS%**

Capital **VARIOUS%** **VARIOUS%**

K Partner's share of liabilities at year end:

Nonrecourse \$

Qualified nonrecourse financing \$

Recourse \$ 0.

L Partner's capital account analysis:

Beginning capital account \$ 200,296.

Capital contributed during the year \$ 39,996.

Current year increase (decrease) \$ 23,750.

Withdrawals & distributions \$( )

Ending capital account \$ 264,042.

☒ Tax basis

☐ GAAP

☐ Section 704(b) book

☐ Other (explain)

JWA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2007

**MEMORANDUM**

**TO:** BCC II, LLC  
**FROM:** Harvey Cohen  
**RE:** Bull Market Fund  
**DATE:** December 31, 2008

---

Please find below your balance in the Bull Market Fund as of December 10, 2008. This includes your November 30, 2008 balance plus any additions, if applicable, made subsequent to November 30, 2008 and sent to Bernard L. Madoff Investment Securities, LLC.

Account Balance as of December 10, 2008: \$323,753

Please call me if I can be of further service.

ORIGINAL

BCC II, LLC  
Operating Agreement

This Operating Agreement (this "Agreement") is entered into as of this 1st day of November, 2000, by and among BDG Asset Management, Inc., as General Manager and the Members who are the signatories hereto.

EXPLANATORY STATEMENT

The parties have agreed to organize and operate a limited liability company in accordance with the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the parties, intending legally to be bound, agree as follows:

Article I  
Defined Terms

The following terms shall have the meanings specified in this Article I. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them in their definitions.

"Adjusted Capital Account Deficit" means, with respect to any Interest Holder, the deficit balance, if any, in the Interest Holder's Capital Account as of the end of the relevant taxable year, after giving effect to the following adjustments:

(i) the deficit shall be decreased by the amounts which the Interest Holder is obligated to restore pursuant to Section 4.4.2 or is deemed obligated to restore pursuant to Regulation Section 1.704-1(b)(2)(ii)(c); and

(ii) the deficit shall be increased by the items described in Regulation Sections 1.704-1(b)(2)(ii)-(d)(4), (5), and (6).

"Adjusted Capital Balance" means, as of any day, an Interest Holder's total Capital Contributions less all amounts actually distributed to the Interest Holder pursuant to Sections 4.2.3.4.1 and 4.4 hereof. If any Interest is transferred in

accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Balance of the transferor to the extent the Adjusted Capital Balance relates to the Interest transferred.

"Affiliate" means, with respect to any Member or the General Manager, any Person: (i) which owns more than 50% of the voting interests in the Member; or (ii) in which the Member owns more than 50% of the voting interests; or (iii) in which more than 50% of the voting interests are owned by a Person who has a relationship with the Member described in clause (i) or (ii) above, or (iv) who otherwise controls, is controlled by, or under common control with, another Person.

"Agreement" means this Operating Agreement, as amended from time to time.

"Assumed Tax Rate" means the highest effective marginal combined federal, state and local income tax rate applicable to capital gains or to the extent that this definition is operative with regard to such gains prescribed for the relevant Interest Holder in a taxable year (taking into account the deductibility of the state and local income taxes for federal income tax purposes).

"Capital Account" means the account to be maintained by the Company for each Interest Holder in accordance with the following provisions:

(i) an Interest Holder's Capital Account shall be credited with the Interest Holder's Capital Contributions, the amount of any Company liabilities assumed by the Interest Holder (or which are secured by Company property distributed to the Interest Holder), the Interest Holder's distributive share of Profit and any item in the nature of income or gain specially allocated to the Interest Holder pursuant to the provisions of Article IV (other than Section 4.3.3); and

(ii) an Interest Holder's Capital Account shall be debited with the amount of money and the fair market value of any Company property distributed to the Interest Holder, the amount of any liabilities of the Interest Holder assumed by the Company (or which are secured by property contributed by the Interest Holder to the Company), the Interest Holder's distributive share of Loss and any item in the nature of expenses or losses specially allocated to

the Interest Holder pursuant to the provisions of Article IV (other than Section 4.3.3).

If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. If the book value of Company property is adjusted pursuant to Section 4.3.3, the Capital Account of each Interest Holder shall be adjusted to reflect the aggregate adjustment in the same manner as if the Company had recognized gain or loss equal to the amount of such aggregate adjustment. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with that Regulation.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities assumed or to which the assets are subject.

"Capital Proceeds" means the gross receipts received by the Company from a Capital Transaction.

"Capital Transaction" means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business, financings, refinancings, condemnations, recoveries of damage awards, and insurance proceeds.

"Cash Flow" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any non-cash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments (excluding any repayments of principal in respect of Loans as defined in Section 3.7), capital improvements, and replacements as determined by the General Manager. Cash Flow shall not include Capital Proceeds but shall be increased by the reduction of any reserve previously established.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"Company" means the limited liability company formed in accordance with this Agreement.

"Family" means a Member's or a partner of a Member's spouse, lineal ancestors or descendants by birth or adoption, siblings, and trusts for the exclusive benefit of a Member or a partner of a Member or any of the foregoing individuals.

"General Manager" means the Person designated as such in Article V.

"Interest" means a Person's share of the Profits and Losses of, and the right to receive distributions from, the Company.

"Interest Holder" means any Person who holds an Interest, whether as a Member or an unadmitted assignee of a Member.

"Involuntary Withdrawal" means, with respect to any Member, the occurrence of any of the following events:

(i) the Member makes an assignment for the benefit of creditors;

(ii) the Member files a voluntary petition of bankruptcy;

(iii) the Member is adjudged bankrupt or insolvent or there is entered against the Member an order for relief in any bankruptcy or insolvency proceeding;

(iv) the Member files a petition seeking for the Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation;

(v) the Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Member or of all or any substantial part of the Member's properties;

(vi) the Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in any proceeding described in Subsections (i) through (v);



(vii) any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, continues for one hundred twenty (120) days after the commencement thereof, or the appointment of a trustee, receiver, or liquidator for the Member or all or any substantial part of the Member's properties without the Member's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated;

(viii) if the Member is an individual, the Member's death, incapacity, or adjudication by a court of competent jurisdiction as incompetent to manage the Member's person or property;

(ix) if the Member is acting as a Member by virtue of being a trustee of a trust, the termination of the trust;

(x) if the Member is a partnership or limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company;

(xi) if the Member is a corporation, the dissolution of the corporation or the revocation of its charter;

(xii) if the Member is an estate, the distribution by the fiduciary of the estate's entire interest in the Company;

"Law" means the New York Limited Liability Company Law, as amended from time to time.

"Member" means each Person who has signed this Agreement and any Person who subsequently is admitted as a member of the Company.

"Membership Interest" means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; and (iii) right to participate in the management of and vote on matters coming before the Company.

"Member Loan Nonrecourse Deductions" means any Company deductions that would be Nonrecourse Deductions if they were not attributable to a loan made or guaranteed by a Member within the meaning of Regulation Section 1.704-2(i).

"Minimum Gain" has the meaning set forth in Regulation Section 1.704-2(d). Minimum Gain shall be computed separately for each Interest Holder in a manner consistent with the Regulations under Code Section 704(b).

"Negative Capital Account" means a Capital Account with a balance of less than zero.

"Nonrecourse Deductions" has the meaning set forth in Regulation Section 1.704-2(b)(1). The amount of Nonrecourse Deductions for a taxable year of the Company equals the net increase, if any, in the amount of Minimum Gain during that taxable year, determined according to the provisions of Regulation Section 1.704-2(c).

"Nonrecourse Liability" means any liability of the Company with respect to which no Member has personal liability, as determined in accordance with Code Section 752 and the Regulations promulgated thereunder.

"Person" means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"Positive Capital Account" means a Capital Account with a balance greater than zero.

"Profit" and "Loss" means, for each taxable year of the Company (or other period for which Profit or Loss must be computed), the Company's taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

(i) all items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss; and

(ii) any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included in computing taxable income or loss; and

(iii) any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted from taxable income or loss; and

(iv) gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and

(v) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the adjusted book value of the asset; and

(vi) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 4.3 hereof shall not be taken into account in computing Profit or Loss.

"Regulation" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"Transfer" means, when used as a noun, any sale, hypothecation, pledge, assignment, encumbrance, or other transfer, and, when used as a verb, means to sell, hypothecate, pledge, transfer, assign, encumber or otherwise dispose of.

"Units" means, as to a Member, the number of Units set forth after the Member's name on Exhibit A, as amended from time to time, and as to an Interest Holder who is not a Member, the number of Units of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member's Interest.

"Voluntary Withdrawal" means a Member's disassociation with the Company by means other than a Transfer or an Involuntary Withdrawal.

## Article II

### Formation and Name: Office; Purpose; Term

2.1. *Organization.* The parties hereby organize a limited liability company pursuant to the Law and the provisions of this Agreement and, for that purpose, have caused (a) Articles of Organization to be prepared, executed and filed with the New York Department of State on May 2, 1997, and (b) a Certificate of Amendment of the Articles of Organization to be prepared, executed and filed with the New York Department of State on August 7, 1997, changing the management of the limited liability company to management by one or more managers.

2.2. *Name of the Company.* The name of the Company shall be BCC II, LLC. The Company may do business under that name and under any other name or names which the General Manager selects. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file a certificate with the Department of State as required by General Business Law § 130. The Company's principal place of business shall be located at 6800 Jericho Turnpike, Syosset, New York 11791 or at such other location as may be selected by the General Manager from time to time. The General Manager shall give notice to the Members of any change in the location of the principal place of business of the Company.

2.3. *Purpose.* The Company is organized solely to purchase, acquire, buy, sell, own, trade in, hold, develop, lease, manage, subdivide, and otherwise deal in and with the real property consisting of approximately 6.7 acres of land located at the intersection of the Grand Central Parkway and the Brooklyn Queens Expressway, Queens, New York (the "Property") and any other real property acquired by the Company as a result of a like-kind exchange under Section 1031 of the Code involving a sale of the Property, and to do any and all things necessary, convenient, or incidental to that purpose.

2.4. *Term.* The Company was formed on May 2, 1997 by the filing of the Articles of Organization with the New York State Department of State and shall terminate on January 31, 2095, unless its existence is sooner terminated pursuant to Article VII of this Agreement.

2.5. *Agent for Service of Process.* The Secretary of State is designated as agent of the Company upon whom process against it may be served. The post office address within or without

this state to which the Secretary of State shall mail a copy of any process against the Company served upon him or her is:

c/o Blumenfeld Development Group, Ltd.  
6800 Jericho Turnpike  
Syosset, New York 11791

2.6. *Members.* The name, present mailing address, taxpayer identification number and number of Units held by each Member of the Company are set forth on Exhibit A attached hereto.

### **Article III**

#### **Members; Capital; Capital Accounts**

3.1. *Initial Capital Contributions.* Upon the execution of this Agreement, the Members shall contribute to the Company cash or deliver to the Company a promissory note in the form attached hereto as Exhibit B in the amounts respectively set forth on Exhibit A as their respective initial capital contribution.

3.2. *No Additional Capital Contributions.* No Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any debt, obligation, or liability of the Company, including compensation to and/or indemnification of the General Manager.

3.3. *No Interest on Capital Contributions.* Interest Holders shall not be paid interest on their Capital Contributions.

3.4. *Return of Capital Contributions.* Except as otherwise provided in this Agreement, no Interest Holder shall have the right to receive any return of any Capital Contribution.

3.5. *Form of Return of Capital.* If an Interest Holder is entitled to receive a return of a Capital Contribution, the Interest Holder shall not have the right to receive anything but cash in return of the Interest Holder's Capital Contribution.

3.6. *Capital Accounts.* A separate Capital Account shall be maintained for each Interest Holder.

3.7. *Loans.* Any Member or a partner of a Member may, at any time, make or cause a loan to be made to the Company in any amount and on such arms' length commercially reasonable terms as shall be determined by the General Manager. The General Manager

may, at any time, make or cause a loan to be made to the Company in any amount and on such terms length commercially reasonable terms as approved by a majority in interest of the Members. If a Member or the General Manager makes a loan to the Company, such Person may be referred to herein as a "Lending Party," and such loan may be referred to herein as a "Loan."

**Article IV**  
**Profit, Loss, and Distributions**

**4.1. Distributions of Cash Flow and Allocations of Profit or Loss Other than Capital Transactions.**

4.1.1. *Profit or Loss Other Than from a Capital Transaction.* After giving effect to the special allocations set forth in Section 4.3, for any taxable year of the Company, Profit or Loss (other than Profit or Loss resulting from a Capital Transaction, which Profit or Loss shall be allocated in accordance with the provisions of Sections 4.2.1 and 4.2.2) shall be allocated to the Interest Holders in proportion to the number of Units held by the respective Interest Holders.

4.1.2. *Mandatory Cash Flow.* Cash Flow for each taxable year of the Company shall be distributed no later than seventy-five (75) days after the end of the taxable year in the following order of priority:

4.1.2.1. First, to the Interest Holders until each Interest Holder has been distributed Cash Flow equal to the product of (x) the Assumed Tax Rate for the taxable year in which an allocation is made to it under Section 4.1.1. hereof and (y) the Profits allocated to it (reduced by any Losses previously allocated to such Interest Holder that have not previously been taken into account under this Section 4.1.2.1.);

4.1.2.2. Second, to the Lending Party up to the amount, if any, of the principal payable on their respective Loan; and

4.1.2.3. Third, to the Interest Holders in proportion to the number of Units held by the respective Interest Holders.

*4.2. Distributions of Capital Proceeds and Allocation of Profit or Loss from Capital Transactions.*

4.2.1. *Profit.* After giving effect to the special allocations set forth in Section 4.3., Profit from a Capital Transaction shall be allocated as follows:

4.2.1.1. If one or more Interest Holders has a Negative Capital Account, to those Interest Holders, in proportion to their Negative Capital Accounts, until all of those Negative Capital Accounts have been increased to zero.

4.2.1.2. Any Profit not allocated pursuant to Section 4.2.1.1 shall be allocated to the Interest Holders in proportion to, and to the extent of, the amounts distributable to them pursuant to Section 4.2.3.4.1 and 4.2.3.4.2.

4.2.2. *Loss.* After giving effect to the special allocations set forth in Section 4.3, Loss from a Capital Transaction shall be allocated as follows:

4.2.2.1. If one or more Interest Holders has a Positive Capital Account, to those Interest Holders, in proportion to their Positive Capital Accounts, until all Positive Capital Accounts have been reduced to zero.

4.2.2.2. Any Loss not allocated to reduce Positive Capital Accounts to zero pursuant to Section 4.2.2.1 shall be allocated to the Interest Holders in proportion to the number of Units held by the respective Interest Holders.

4.2.3. *Capital Proceeds.* Capital Proceeds shall be distributed and applied by the Company in the following order and priority:

4.2.3.1. to the payment of all expenses of the Company incident to the Capital Transaction; then

4.2.3.2. to the payment of debts and liabilities of the Company then due and outstanding (including all debts due to any Interest Holder); then

4.2.3.3. to the establishment of any reserves which the General Manager deems necessary for liabilities or obligations of the Company; then

4.2.3.4. the balance shall be distributed as follows:

4.2.3.4.1. to the Interest Holders in proportion to their Adjusted Capital Balances, until their remaining Adjusted Capital Balances have been paid in full;

4.2.3.4.2. the balance, to the Interest Holders in proportion to the number of Units held by the respective Interest Holders.

#### 4.3. *Regulatory Allocations.*

4.3.1. *Qualified Income Offset.* No Interest Holder shall be allocated Losses or deductions if the allocation causes the Interest Holder to have an Adjusted Capital Account Deficit. If an Interest Holder receives (1) an allocation of Loss or deduction (or item thereof) or (2) any distribution, which causes the Interest Holder to have an Adjusted Capital Account Deficit at the end of any taxable year, then all items of income and gain of the Company (consisting of a pro rata portion of each item of Company income, including gross income and gain) for that taxable year shall be allocated to that Interest Holder, before any other allocation is made of Company items for that taxable year, in the amount and in proportions required to eliminate the excess as quickly as possible. This Section 4.3.1 is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulations promulgated under Code Section 704(b).

4.3.2. *Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(f)(2), (3), and (4), if, during any taxable year, there is a net decrease in Minimum Gain, each Interest Holder, prior to any other allocation pursuant to this Article IV, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Minimum Gain, computed in accordance with Regulation Section 1.704-2(g). Allocations of gross income and gain



pursuant to this Section 4.3.2 shall be made first from gain recognized from the disposition of Company assets subject to nonrecourse liabilities (within the meaning of the Regulations promulgated under Code Section 752), to the extent of the Minimum Gain attributable to those assets, and thereafter, from a pro rata portion of the Company's other items of income and gain for the taxable year. It is the intent of the parties hereto that any allocation pursuant to this Section 4.3.2 shall constitute a "minimum gain chargeback" under Regulation Section 1.704-2(f).

4.3.3. *Contributed Property and Book-ups.* In accordance with Code Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner required under Code Section 704(c) and the Regulations thereunder.

4.3.4. *Code Section 754 Adjustment.* To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

4.3.5. *Nonrecourse Deductions.* Nonrecourse Deductions for a taxable year or other period shall be specially allocated among the Interest Holders in proportion to the number of Units held by the respective Interest Holders.

4.3.6. *Member Loan Nonrecourse Deductions.* Any Member Loan Nonrecourse Deduction for any taxable year or other period shall be specially allocated to the Interest Holder who bears the risk of loss with respect to the loan to which the Member Loan Nonrecourse Deduction is attributable in accordance with Regulation Section 1.704-2(b).

4.3.7. *Guaranteed Payments.* To the extent any compensation paid to any Member by the Company, including any fees payable to any Member pursuant to Section 5.3 hereof, is determined by the Internal Revenue Service not to be a guaranteed payment under Code Section 707(c) or is not paid to the Member other than in the Person's capacity as a Member within the meaning of Code Section 707(a), the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Member's Capital Account shall be adjusted to reflect the payment of that compensation.

4.3.8. *Unrealized Receivables.* If an Interest Holder's Interest is reduced (provided the reduction does not result in a complete termination of the Interest Holder's Interest), the Interest Holder's share of the Company's "unrealized receivables" and "substantially appreciated inventory" (within the meaning of Code Section 751) shall not be reduced, so that, notwithstanding any other provision of this Agreement to the contrary, that portion of the Profit otherwise allocable upon a liquidation or dissolution of the Company pursuant to Section 4.4 hereof which is taxable as ordinary income (recaptured) for federal income tax purposes shall, to the extent possible without increasing the total gain to the Company or to any Interest Holder, be specially allocated among the Interest Holders in proportion to the deductions (or basis reductions treated as deductions) giving rise to such recapture. Any questions as to the aforesaid allocation of ordinary income (recapture), to the extent such questions cannot be resolved in the manner specified above, shall be resolved by the General Manager.

4.3.9. *Withholding.* All amounts required to be withheld pursuant to Code Section 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.4. *Liquidation and Dissolution.*

4.4.1. If the Company is liquidated, the assets of the Company which shall have been reduced to cash in accordance with Section 7.2 shall be distributed to the Interest Holders in accordance with the provisions of Section 4.2.3.4.

4.4.2. No Interest Holder shall be obligated to restore a Negative Capital Account.

4.5. *General.*

4.5.1. Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the General Manager.

4.5.2. If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest Holder entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Interest Holders so entitled. Unless the Members otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the General Manager. The Profit or Loss for each unsold asset shall be determined as if the asset had been sold at its fair market value, and the Profit or Loss shall be allocated as provided in Section 4.2 and shall be properly credited or charged to the Capital Accounts of the Interest Holders prior to the distribution of the assets in liquidation pursuant to Section 4.4.

4.5.3. All Profit and Loss shall be allocated, and all distributions shall be made to the Persons shown on the records of the Company to have been Interest Holders as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer or an Involuntary Withdrawal during the taxable year, the Profit and Loss shall be allocated between the original Interest Holder and the successor on the basis of the number of days each was an Interest Holder during the taxable year; provided, however, the Company's taxable year shall be segregated into two or more segments in order to account for Profit,

Loss, or proceeds attributable to a Capital Transaction or to any other extraordinary nonrecurring items of the Company.

4.5.4. The General Manager is hereby authorized, upon the advice of the Company's tax counsel, to amend this Article IV to comply with the Code and the Regulations promulgated under Code Section 704(b); provided, however, that no amendment shall materially affect distributions to an Interest Holder without the Interest Holder's prior written consent.

## Article V

### Management: Rights, Powers, and Duties

#### 5.1. Management.

5.1.1. *General Manager.* The Company shall be managed by a General Manager, who may, but need not, be a Member. BDG Asset Management, Inc. is hereby designated to serve as the initial General Manager. The Members who are the signatories hereto, hereby ratify and confirm all proceedings and acts heretofore taken by the General Manager, its officers and directors in furtherance of the purpose of the Company provided in Section 2.3 hereof.

5.1.2. *General Powers.* The General Manager shall have full, exclusive, and complete discretion, power, and authority, subject in all cases to the other provisions of this Agreement and the requirements of applicable law, to manage, control, administer, and operate the business and affairs of the Company for the purposes herein stated, and to make all decisions affecting such business and affairs, including, without limitation, for Company purposes, the power to:

5.1.2.1. acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

5.1.2.2. construct (including demolition in connection therewith), operate, maintain, finance, and improve, and to own, sell, convey, assign, mortgage, or lease any real estate and any personal property;

5.1.2.3. sell, dispose, trade, or exchange Company assets in the ordinary course of the Company's business;

5.1.2.4. enter into agreements and contracts, including, but not limited to, contracts of guaranty and suretyship, and to give receipts, releases, and discharges;

5.1.2.5. purchase liability and other insurance to protect the Company's properties and business;

5.1.2.6. borrow money for and on behalf of the Company;

5.1.2.7. execute or modify leases with respect to any part or all of the assets of the Company;

5.1.2.8. prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals, or modifications of such mortgages or deeds of trust;

5.1.2.9. execute any and all other instruments and documents which may be necessary or in the opinion of the General Manager desirable to carry out the intent and purpose of this Agreement, including, but not limited to, deeds, contracts, leases, mortgages, deeds of trust, promissory notes, security agreements, financing statements pertaining to the Company's assets or obligations, and documents whose operation and effect extend beyond the term of the Company;

5.1.2.10. make any and all expenditures which the General Manager, in its sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting and other related expenses incurred in connection with the organization and financing and operation of the Company;

5.1.2.11. enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company; and

5.1.2.12. invest and reinvest Company reserves in liquid investments that the General Manager in its sole discretion deems appropriate which need not be limited to government securities and similar investments.

5.1.3. *Extraordinary Transactions.* Notwithstanding anything contained in this Agreement to the contrary, (a) during such time that a Lending Party has (x) made a Loan to the Company which remains outstanding or (y) guaranteed repayment of a loan made by a third party to the Company (a "Guaranty") which Guaranty remains outstanding, the General Manager shall not undertake any of the following without the approval of such Lending Party, whose approval shall be the only approval required, and (b) provided that there does not then exist a Loan or a Guaranty, the General Manager shall not undertake any of the following without the approval of a majority in interest of the Members:

5.1.3.1. any Capital Transaction;

5.1.3.2. the Company's borrowing of more than \$250,000.00;

5.1.3.3. the admission of additional Members to the Company;

5.1.3.4. the Company's engaging in business in any jurisdiction which does not provide for the registration of limited liability companies;

5.1.3.5. the sale, exchange, lease, mortgage, pledge, or other transfer of all or substantially all of the assets of the Company;

5.1.3.6. approval of a merger or consolidation of the Company with or into another LLC or other business entity; and

5.1.3.7. amending the articles of organization (except as permitted in Law Section 213(b)).

5.1.3.8. file or consent to the filing of a bankruptcy or insolvency petition, make a general assignment for the benefit of creditors, consent to the appointment of a trustee or receiver for its property and assets, or otherwise institute reorganization, insolvency, or similar proceedings.

5.1.4. *Limitation on Authority of Members.*

5.1.4.1. No Member is an agent of the Company solely by virtue of being a Member, and no Member has authority to act for the Company solely by virtue of being a Member.

5.1.4.2. This Section 5.1 supersedes any authority granted to the Members pursuant to Section 401 or 402 of the Law. Any Member who takes any action or binds the Company in violation of this Section 5.1 shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to the loss or expense.

5.1.5. *Removal of Manager.* The Members holding at least two-thirds (2/3) of the Units then held by the Members, at any time and from time to time and with or without cause, may remove any or all managers of the Company then acting and elect a new manager or managers or make other provisions or arrangements for the management of the Company.

5.1.6. *Resignation of General Manager.* The General Manager may resign as such only upon thirty (30) days prior written notice to each Member; provided that such resignation shall not become effective until a successor General Manager shall have been elected or other provisions or arrangements for the management of the Company have been made by the Members holding at least two-thirds (2/3) of the Units then held by the Members.

5.2. *Meetings of and Voting by Members.*

5.2.1. No annual or regular meetings of the Members as such shall be required.

5.2.2. A meeting of the Members may be called at any time by the General Manager or by those Members holding at

least thirty-three percent (33%) of the Units then held by Members. Meetings of Members shall be held at the Company's principal place of business. Not less than ten (10) nor more than sixty (60) days before each meeting, the Person calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the place, date, hour, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy without objecting to the lack of notice. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of Members holding not less than a majority (over 50 percent) of the Units then held by Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by the Member's duly authorized attorney in fact.

5.2.3. Except as otherwise provided in this Agreement, the affirmative vote of Members holding a majority (over 50 percent) or more of the Units then held by Members shall be required to approve any matter coming before the Members.

5.2.4. In lieu of holding a meeting, the Members may vote or otherwise take action by a written instrument indicating the consent of Members holding such Units then held by Members as would be required for Members to take action under this operating agreement. If such consent is not unanimous, prompt notice shall be given to those Members who have not consented in writing but who would have been entitled to vote thereon had such action been taken at a meeting.

### 5.3. *Personal Service.*

5.3.1. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the General Manager, no Member shall perform services for the Company or be entitled to compensation for services performed for the Company.

5.3.2. The General Manager shall not be entitled to compensation for services performed for the Company. However, upon substantiation of the amount and purpose



thereof, the General Manager shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.4. *Duties of Parties.*

5.4.1. The General Manager shall devote such time to the business and affairs of the Company as is necessary to carry out the General Manager's duties set forth in this Agreement.

5.4.2. Except as otherwise expressly provided in Section 5.4.3, nothing in this Agreement shall be deemed to restrict in any way the rights of any Member, or of any Affiliate of any Member, to conduct any other business or activity whatsoever, and no Member shall be accountable to the Company or to any other Member with respect to that business or activity even if the business or activity competes with the Company's business. The organization of the Company shall be without prejudice to the Members' respective rights (or the rights of their respective Affiliates) to maintain, expand, or diversify such other interests and activities and to receive and enjoy profits or compensation therefrom. Each Member waives any rights the Member might otherwise have to share or participate in such other interests or activities of any other Member or the Member's Affiliates.

5.4.3. Each Member understands and acknowledges that the conduct of the Company's business may involve business dealings and undertakings with Members, the General Manager and their Affiliates. In any of those cases, those dealings and undertakings shall be at arm's length and on commercially reasonable terms. Section 411 of the Law shall apply to business dealings and undertakings involving the General Manager, Members and their Affiliates and nothing in this Agreement is intended to limit or restrict the application of such provisions to the Company.

5.4.4. Each Member understands and acknowledges that Blumenfeld Development Group, Ltd., an Affiliate of the Company, has been, and continues to be, the developer of the Property and will also be the property manager of the Property and shall be entitled to (a) a one-time developer's fee equal to four (4%) percent of the loan proceeds derived from the initial permanent financing of

the Property, and (b) an annual management fee equal to four (4%) percent of the gross income from the Property.

5.5. *Liability and Indemnification.*

5.5.1. Except as otherwise provided by law, neither the General Manager nor any Member shall be liable, responsible, or accountable in any way for damages or otherwise to the Company or to any of the Members for any act or failure to act pursuant to this Agreement or otherwise unless (i) such person acted in bad faith, (ii) the conduct of such person constituted intentional misconduct or a knowing violation of law, (iii) such person gained a financial benefit to which he or she was not legally entitled, or (iv) such person failed to perform his or her duties, specifically with respect to distributions under Section 508(a) of the Law, in good faith and with that degree of care that an ordinarily prudent person in a like position would use under similar circumstances.

5.5.2. The Company shall indemnify, defend, and hold harmless the General Manager and each of the Members (severally, the "Indemnatee" and collectively, the "Indemnitees"), from and against any claims, losses, liabilities, damages, fines, penalties, costs, and expenses (including, without limitation, reasonable fees and disbursements of counsel and other professionals) arising out of or in connection with any act or failure to act by an Indemnatee pursuant to this Agreement, or the business and affairs of the Company; provided, however, that an Indemnatee shall not be entitled to indemnification hereunder if (a) such Indemnatee's actions or omissions to act were made in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or (b) such Indemnatee personally gained a financial benefit to which the Indemnatee was not legally entitled.

5.6. *Power of Attorney.*

5.6.1. *Grant of Power.* Each Member constitutes and appoints the General Manager as the Member's true and lawful attorney-in-fact ("Attorney-in-Fact"), and in the Member's name, place, and stead, to make, execute, sign, acknowledge, and file:

5.6.1.1. one or more articles of organization;

5.6.1.2. all documents (including amendments to articles of organization) which the Attorney-in-Fact deems appropriate to reflect any amendment, change, or modification of this Agreement which has been adopted by the Members in accordance with the terms hereof;

5.6.1.3. any and all other certificates or other instruments required to be filed by the Company under the laws of the State of New York or of any other state or jurisdiction, including, without limitation, any certificate or other instruments necessary in order for the Company to continue to qualify as a limited liability company under the laws of the State of New York;

5.6.1.4. one or more fictitious or trade name certificates; and

5.6.1.5. all documents which may be required to dissolve and terminate the Company and to cancel its articles of organization.

5.6.2. *Irrevocability.* The foregoing power of attorney is irrevocable and is coupled with an interest, and, to the extent permitted by applicable law, shall survive the death or disability of a Member. It also shall survive the Transfer of an Interest, except that if the transferee is admitted as a Member, this power of attorney shall survive the delivery of the assignment for the sole purpose of enabling the Attorney-in-Fact to execute, acknowledge, and file any documents needed to effectuate the substitution. Each Member shall be bound by any representations made by the Attorney-in-Fact acting in good faith pursuant to this power of attorney, and each Member hereby waives any and all defenses which may be available to contest, negate, or disaffirm the action of the Attorney-in-Fact taken in good faith under this power of attorney.

## **Article VI**

### **Transfer of Interests and Withdrawal of Members**

6.1. *Transfers Generally.* No Person may Transfer all or any portion of, or any interest or rights in, the Membership Interest owned by the Member. Each Member hereby acknowledges

the reasonableness of the prohibition contained in this Section 6.1 in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Interests, including Interests, in violation of the prohibition contained in this Section 6.1 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Interests are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Membership Interest.

6.2. *Transfers to Affiliates and Family.* Notwithstanding anything set forth in this Agreement to the contrary, but provided that the conditions set forth below are satisfied, any Member may at any time, and from time to time, Transfer all, or any portion of, or any interest or rights in, the Member's Interest or Membership Interest to (i) any other Member; (ii) any member of the Member's Family; or (iii) any Affiliate of the Member:

6.2.1. the Transfer will not require registration of Interests or Membership Interests under any federal or state securities laws;

6.2.2. the transferee delivers to the Company a written agreement to be bound by the terms of this Agreement;

6.2.3. the Transfer will not result in the termination of the Company pursuant to Code Section 708;

6.2.4. the Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

6.2.5. the Transfer will not cause the Company to be a "publicly traded partnership" within the meaning of Section 7704 of the Code; and

6.2.6. the transferor or the transferee delivers the following information to the Company: (i) the transferee's taxpayer identification number; and (ii) the transferee's initial tax basis in the Transferred Interest.

6.3. *Voluntary Withdrawal.* No Member shall have the right or power to Voluntarily Withdraw from the Company. Any withdrawal in violation of this Agreement shall entitle the Company to injunctive relief as well as damages for breach, which may be offset against the amounts otherwise distributable to such member.

6.4. *Involuntary Withdrawal.* Immediately upon the occurrence of an Involuntary Withdrawal, the successor of the Withdrawn Member shall thereupon become an Interest Holder, but shall not become a Member. If the Company is continued as provided in Section 7.1.3, the successor Interest Holder shall have all the rights of an Interest Holder, but shall not be entitled by reason of the withdrawal to receive in liquidation of the Interest, the fair market value of the Member's Interest as of the date the Member Involuntarily withdrew from the Company.

#### Article VII Dissolution, Liquidation, and Termination of the Company

7.1. *Events of Dissolution.* The Company shall be dissolved upon the written agreement of the Members holding seventy-five (75%) percent or more of the Units then held by Members.

7.2. *Liquidating Trustee.* If the Company is dissolved, the General Manager shall act as liquidating trustee. The General Manager shall liquidate and reduce to cash the assets of the Company as promptly as is consistent with obtaining a fair value therefor and, unless otherwise required by law, shall apply and distribute the proceeds of liquidation, as well as any other Company assets, first, to the payment of creditors of the Company, including Lending Parties, in satisfaction of the liabilities of the Company, and then to the Interest Holders in accordance with Section 4.4.

7.3. *Filing of Articles of Dissolution.* If the Company is dissolved, the General Manager shall promptly file Articles of Dissolution with the Department of State. If there is no General Manager, then the Articles of Dissolution shall be filed by the remaining Members; if there are no remaining Members, the Articles shall be filed by the last Person to be a Member; if there is neither a General Manager, remaining Members, or a Person who last was a Member, the Articles shall be filed by the

legal or personal representatives of the Person who last was a Member.

**Article VIII**  
**Books, Records, Accounting, and Tax Elections**

8.1. *Bank Accounts.* All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The General Manager shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

8.2. *Books and Records.*

8.2.1. The General Manager shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the Company's business. The records shall include, but not be limited to:

(1) a current alphabetized list of the names and addresses of all of the members, as well as the contribution and the share of profits and losses of each member or information from which such share can be readily derived;

(2) if the firm is managed by a manager or managers, a current alphabetized list of the names and addresses of the managers;

(3) a copy of the articles of organization and all amendments thereto or restatements thereof, together with executed copies of any powers of attorney pursuant to which any certificate or amendment has been executed;

(4) a copy of the operating agreement and any amendments thereto and any amended and restated operating agreement; and

(5) a copy of the Company's federal, state, and local income tax or information returns and reports, if any, for the three most recent fiscal years.

8.2.2. The books and records shall be maintained in accordance with sound accounting practices and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

8.2.3. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records.

8.3. *Annual Accounting Period.* The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the General Manager, subject to the requirements and limitations of the Code.

8.4. *Reports.* Within seventy-five (75) days after the end of each taxable year of the Company, the General Manager shall cause to be sent to each Person who was a Member at any time during the taxable year then ended: (i) an annual compilation report, prepared by the Company's independent accountants in accordance with standards issued by the American Institute of Certified Public Accountants; and (ii) a report summarizing the fees and other remuneration paid by the Company to any Member, the General Manager, or any Affiliate in respect of the taxable year. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the General Manager shall cause to be sent to each Person who was an Interest Holder at any time during the taxable year then ended, that tax information concerning the Company which is necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the General Manager shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

8.5. *Tax Matters Member.* The Members shall designate a Member to be the Company's tax matters partner pursuant to Code Section 6231(a)(7) ("Tax Matters Member"). The Tax Matters Member shall have all powers and responsibilities provided in Code Section 6221, et seq. The Tax Matters Member shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Member. The Company shall pay and be responsible for all reasonable third party costs and expenses incurred by the Tax Matters Member in performing those duties. A Member shall be

responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Member shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

8.6. *Tax Elections.* The Tax Matters Member shall have the authority to make all Company elections permitted under the Code, including, without limitation, elections of methods of depreciation and elections under Code Section 754. The decision to make or not make an election shall be at the Tax Matters Member's sole and absolute discretion.

8.7. *Title to Company Property.*

8.7.1. Except as provided in Section 8.7.2, all real and personal property acquired by the Company shall be acquired and held by the Company in its name.

8.7.2. The General Manager may direct that legal title to all or any portion of the Company's property be acquired or held in a name other than the Company's name provided, that the Company is and remains the beneficial owner of any such property. Without limiting the foregoing, the General Manager may cause title to be acquired and held in its name or in the names of trustees, nominees, or straw parties for the Company. It is expressly understood and agreed that the manner of holding title to the Company's property (or any part thereof) is solely for the convenience of the Company and all of that property shall be treated as Company property.

**Article IX**  
**General Provisions**

9.1. *Assurances.* Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the General Manager deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

9.2. *Notifications.* Any notice, demand, consent, election, offer, approval, request, or other communication



(collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested or by facsimile transmission, provided receipt of facsimile transmission is actually acknowledged by the member or member's agent. Any notice to be given hereunder by the Company shall be given by the General Manager. A notice must be addressed to a Member at the Member's last known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those substitute addresses or addressees. A notice sent by facsimile is deemed given when receipt is acknowledged.

9.3. *Specific Performance.* The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

9.4. *Complete Agreement.* This Agreement constitutes the complete and exclusive statement of the agreement among the Members with respect to the subject matter thereof. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of a majority of the Members. Notwithstanding the foregoing, any modification of the terms of this Agreement which increases the obligations of a Member or decrease the rights of a Member may not be made without the prior written consent of the Member affected by such modification.

9.5. *Applicable Law.* All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of New York.

9.6. *Article and Section Titles.* The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

9.7. *Binding Provisions.* This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

9.8. *Exclusive Jurisdiction and Venue.* Any suit involving any dispute or matter arising under this Agreement or relating to the organization or operation of the Company may only be brought in a United States District Court located in the State of New York or any New York State Court having jurisdiction over the subject matter of the dispute or matter. All Members hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding and waive any objection to venue or inconvenient forum.

9.9. *Terms.* Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.

9.10. *Separability of Provisions.* Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

9.11. *Counterparts.* This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

9.12. *Estoppel Certificate.* Each Member shall, within ten (10) days after written request by the General Manager, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof. If the

Exhibit A  
List of Members, Capital, and Units

Name, Address and Taxpayer I.D. Number	Initial Cash Capital Contribution	Units
JK Capital, LLC  c/o Blumenfeld Development Group, Ltd. 6800 Jericho Turnpike Syosset, NY 11791 Tax I.D. No. 11-3594078	\$350,000	280
BDG Lake Success, LLC c/o Blumenfeld Development Group Ltd. 6800 Jericho Turnpike Syosset, NY 11791 Tax I.D. No. 11-3555258	\$150,000	120

certificate is not received within that ten (10) day period, the General Manager shall execute and deliver the certificate on behalf of the requested Member, without qualification, pursuant to the power of attorney granted in Section 5.6.

IN WITNESS WHEREOF, the parties have executed, or caused this Agreement to be executed, under seal, as of the date set forth hereinabove.

GENERAL MANAGER:

BDG ASSET MANAGEMENT, INC.

By: 

Name: David Blumenfeld

Title: Vice President

JK Capital, LLC

By: BDG Asset Management, Inc.  
its General Manager

By: 

Name: David Blumenfeld

Title: Vice President

BDG Lake Success, LLC

By: BDG Asset Management, Inc.  
its General Manager

By: 

Name: David Blumenfeld

Title: Vice President

EXHIBIT B

BCC II, LLC  
SUBSCRIPTION NOTE

\$ \_\_\_\_\_ Syosset, New York November 1, 2000

For value received, the undersigned, as maker of this Note (the "Maker"), promises to pay to BCC II, LLC (the "Company"), or order, the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) which shall be payable on or before December 31, 2005, and which shall bear interest at the rate of six percent (6%) per annum. Interest will be paid quarterly by Maker to the Company from the Maker's share of the Company's net operating revenues. To the extent such revenues are not available or are insufficient, such unpaid interest shall accrue. All accrued and unpaid interest shall be due and payable on December 31, 2005 (the "Due Date"). The Note shall be immediately due and payable upon the occurrence of a Capital Transaction to the extent of Capital Proceeds actually received by the Maker. The terms "Capital Transaction" and "Capital Proceeds" shall have the meanings set forth in the Operating Agreement of the Company dated as of the date hereof.

This Note is the payment of the non-cash portion of the capital contribution to be paid by the Maker for subscription of his limited liability company interest in the Company. The payment set forth herein shall be made in lawful money of the United States of America to JK Capital, LLC at 6800 Jericho Turnpike, Syosset, New York 11791 or at such other place designated in writing by the payee, BCC II, LLC, at least ten (10) days prior to any payment date set forth herein.

The Maker has the right to make payments of principal at any time before they are due. A payment of principal only is known as "prepayment." When the Maker makes a prepayment, it will tell the Company in writing that it is doing so. The Maker may make a full prepayment or partial prepayments without paying any prepayment charge. The Company will use all of the Maker's prepayments to reduce the amount of principal that the Maker owes under this Note. If the Maker makes a partial prepayment, there will be no changes in the due date unless the Company agrees in writing to those changes.

As Collateral for the payment of this Note, and for the payment and performance of all liabilities and obligations of the Maker to the Company, the Maker hereby pledges, transfers, assigns, grants a security interest in and delivers to the Company all of the Maker's right, title and interest as a Member in the Company.

The following shall be an Event of Default hereunder:

(i) the failure to pay when due any installment of interest or principal of this Note;

(ii) the failure to keep and perform any of the covenants or agreements contained in any of the aforementioned instruments; and

(ii) the issuance of any writ of garnishment, or writ of attachment, or writ of injunction, or summons against the holder of this Note in connection with any suit or controversy involving the Maker, any surety, endorser or guarantor of this Note, or to which the Maker, any surety, endorser or guarantor of this Note may be made a party, or in any of said events.

Upon the occurrence of any such Event or Default, all of the unpaid principal balance hereof, together with unpaid interest accrued shall, at the election of the holder hereof, and without notice, immediately become due and payable.

All principal past-due under the terms of this Note shall bear interest from their maturity at the rate of twelve percent (12%) per annum, but not in excess of the highest lawful rate allowed by law.

No delay or omission on the part of the holder in exercising any right hereunder shall operate as a waiver of such right or any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion.

If any term or provision hereof is held to be illegal or invalid for any reason whatsoever, this Note shall be reformed so that such term or revision is legal or valid to the maximum extent possible and such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

JK Capital, LLC

By: BDG Asset Management, Inc., its  
General Manager

By: \_\_\_\_\_  
Name:  
Title:

DECLARATION OF SERVICE

State of New York, County of New York )ss:

Ramsey Hinkle an attorney admitted to practice in the courts of New York,  
hereby declares:

I am not a party to this action, am over 18 years of age and am an associate at the  
law office of Clayman & Rosenberg, LLP 305 Madison Avenue, New York, New York  
10165.

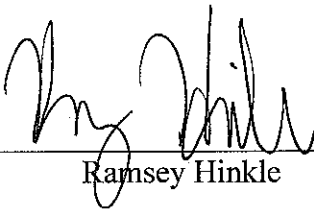
On January 6, 2010, I served a true copy of the annexed OBJECTIONS TO  
TRUSTEES DETERMINATIONS by depositing the same with an overnight delivery  
service in a wrapper properly addressed, the address having been designated by the  
addressee for that purpose. Said delivery was made prior to the latest time designated by  
the overnight delivery service for overnight delivery. The address and delivery service  
are indicated below:

VIA FEDERAL EXPRESS

Irving H. Picard, Trustee  
c/o Baker and Hostetler LLP  
45 Rockefeller Plaza – 11<sup>th</sup> Floor  
New York, New York 10111

I declare under penalty of perjury under the law of the United States of America  
that the foregoing is true and correct.

Executed on: January 6, 2010  
New York, New York

  
\_\_\_\_\_  
Ramsey Hinkle